

## Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 SS-15 NSC-10 CIAE-00 DODE-00 INR-10

NSAE-00 PA-03 RSC-01 USIA-12 PRS-01 L-03 RSR-01 AID-20

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E. O. 11652: N/ A

TAGS: PINT, KS

SUBJECT: COLLECTION AND DISTRIBUTION OF POLITICAL FUNDS

BEGIN SUMMARY: GOVT IS MOVING TO UTILIZE 1965 POLITICAL FUNDS LAW,  
LONG OBSERVED ONLY IN ONLY IN THE BREACH, WHICH PROVIDES THAT GOVT  
SHALL

COLLECT AND DISTRIBUTE FUNDS FOR POLITICAL PARTIES.

BUSINESSMEN' S ORGANIZATIONS HAVE AGREED TO PROVIDE FUNDS

WHICH ARE ALREADY BEING COLLECTED FOR DISTRIBUTION TO

DRP AND NDP BY THE END OF THIS MONTH.

DRP ACTING CHAIRMAN YI HYO- SANG ANNOUNCED THAT IN NATIONAL

ASSEMBLY SESSION SCHEDULED FOR MAY 10, DRP WOULD PROPOSE

AMENDMENT TO 1965 LAW TO PERMIT REVITALIZATION

GROUP ( RG) AND INDEPENDENTS TO RECEIVE FUNDS IN FUTURE.

RG SOURCE HAS INDICATED THAT IMMEDIATE

PURPOSE OF CURRENT COLLECTION IS TO PROVIDE FUNDS BADLY NEEDED

BY NDP FOR ITS CONVENTION. END SUMMARY.

1. STEPS TO PROVIDE FOR OPEN COLLECTION AND DISTRIBUTION  
OF POLITICAL FUNDS IN ACCORDANCE WITH LAW ON BOOKS FOR  
MANY YEARS WERE ANNOUNCED APRIL 2 FOLLOWING A MEETING OF  
BUSINESS LEADERS AND PRO- GOVERNMENT POLITICIANS. THE  
MEETING, REPORTEDLY CALLED AT PRESIDENT PARK' S BEHEST,  
WAS CHAIRED BY NATIONAL ASSEMBLY SPEAKER CHONG IL- KWON AND  
ATTENDED BY PRIME MINISTER KIM CHONG- PIL, VICE SPEAKER

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KIM CHIN- MAN ( AN RG MEMBER AND FORMER DRP FUND RAISER), AND BY THE CHAIRMEN OF THE FEDERATION OF KOREAN INDUSTRIES, THE KOREAN CHAMBER OF COMMERCE AND INDUSTRY, AND THE KOREAN TRADERS ASSOCIATION. THE BUSINESS REPRESENTATIVES AGREED TO COLLECT POLITICAL FUNDS AMOUNTING TO 220 MILLION WON IN 1973 AND 300 TO 400 MILLION WON IN SUBSEQUENT YEARS. MEETING ALSO REPORTEDLY DECIDED TO GIVE 100 MILLION TO THE DEMOCRATIC REPUBLICAN PARTY ( DRP) AND 60 MILLION EACH TO THE OPPOSITION NEW DEMOCRATIC PARTY ( NDP) AND THE PRO-GOVERNMENT REVITALIZATION GROUP ( RG). HOWEVER, SUBSEQUENT REPORTS INDICATE DISTRIBUTION IS NOT YET SETTLED.

2. POLITICAL FUNDS LAW OF 1965 CALLED FOR COLLECTION OF FUNDS BY CENTRAL ELECTION MANAGEMENT COMMITTEE ( CEMC) AND EMPOWERED CEMC TO DISTRIBUTE FUNDS TO POLITICAL PARTIES. DONOR COULD DESGNATE WHICH PARTY HE WISHED TO RECEIVE FUNDS; OTHERWISE CEMC WOULD GIVE 60 PERCENT TO MAJORITY PARTY AND DIVIDE THE REMAINING 40 PERCENT AMONG PARTIES IN PROPORTION TO NUMBER OF ASSEMBLY SEATS HELD. CEMC HAS DISTRIBUTED LESS THAN 300 MILLION WON (\$750,000) SINCE 1965, MOST OF IT IN 1967 AND 1968. IN 1972 ONLY 24 THOUSAND WON (\$ 60) WAS COLLECTED. UNDER EXISTING LAW, CEMC CAN FURNISH FUNDS ONLY TO POLITICAL PARTIES. THUS, RECENTLY FORMED RG OR ANY ASSOCIATION OF INDEPENDENT ASSEMBLYMEN IF FORMED WOULD BE INELIGIBLE.

3. DRP ACTING CHAIRMAN YI HYO- SANG TOLD A PRESS CONFERENCE APRIL 9 THAT DRP PLANS TO PROPOSE AMENDMENT TO POLITICAL FUNDS LAW TO PERMIT REVITALIZTION GROUP AND INDEPENDENTS TO RECEIVE A SHARE OF FUTURE CONTRIBUTIONS. HE SAID THEIR SHARE WOULD BE LESS THAN FOR POLITICAL PARTIES. IN THE MEANTIME, THE DRP WILL SHARE WITH RG A PORTION OF FUNDS IT RECEIVES.

4. NDP HAS REPORTEDLY OBJECTED TO AMENDING POLITICAL FUNDS LAW OR OTHERWISE CHANNELING FUNDS TO RG, NOTING THAT RG IS NOT A POLITICAL PARTY AND HAS NO NEED FOR LOCAL STAFF AND OFFICES. NDP SECRETARY GENERAL CLAIMED THAT AVAILABLE FUNDS ARE INADEQUATE AND SAID HIS PARTY WOULD NEED A MINIMUM OF 200 MILLION WON THIS YEAR TO SUSTAIN ITS PRESENT ORGANIZATION.

5. SPEAKING FOR RG, KIM CHIN- MAN TOLD REPORTERS THAT LIMITED OFFICIAL USE

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INSASMUCH AS HIS GROU IS THE LARGEST NEGOTIATING BODY IN

THE NATIONAL ASSEMBLY IT DESERVES A SHARE OF POLITICAL FUNDS. PERMITTED USES OF POLITICAL FUNDS ALSO NOT SETTLED. RG SOURCES HAVE TOLD US PRIVATELY THAT RG WILL NEED FUNDS FOR PROJECTED HEADQUARTERS WHICH WILL HAVE SOMETHING OVER 30 EMPLOYEES.

6. COMMENT: GOVT COLLECTION AND DISTRIBUTION OF POLITICAL FUNDS IS CONSISTENT WITH REVITALIZATION GOALS, AND THUS IS USEFUL WINDOW DRESSING IF NOTHING ELSE. IT REMAINS TO BE SEEN TO WHAT EXTENT ASSEMBLYMEN WILL BE REQUIRED TO FOREGO THE SUPPLEMENTARY INCOME THEY EARNED IN THE PAST THROUGH INTERVENING WITH THE BUREACURACY ON BEHALF OF CLIENTS. ASSEMBLYMEN WE HAVE SPOKEN TO PROFESS TO BELIEVE THESE OPPORTUNITIES WILL BE REDUCED. ONE RG SOURCE SAID MAIN PURPOSE OF CURRENT COLLECTION IS TO PROVIDE FUNDS FOR NDP IN ANTICIPATION OF ITS CONVENTION MAY 7. OTHER SOURCES INDICATE THAT DRP IS ALSO SHORT OF FUNDS.  
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